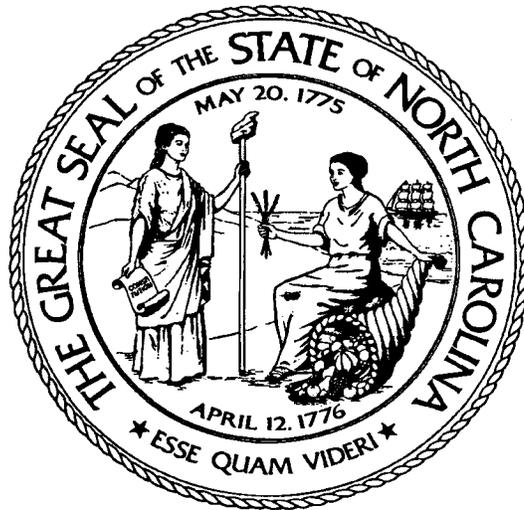


**LEGISLATIVE  
RESEARCH COMMISSION**

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**HIGHER EDUCATION OPPORTUNITY/  
PUBLIC ATTORNEYS EDUCATION  
ASSISTANCE**



**REPORT TO THE  
1991 GENERAL ASSEMBLY  
OF NORTH CAROLINA  
1991 SESSION**

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STATE OF NORTH CAROLINA  
LEGISLATIVE RESEARCH COMMISSION  
STATE LEGISLATIVE BUILDING  
RALEIGH 27611



December 14, 1990

TO THE MEMBERS OF THE 1991 GENERAL ASSEMBLY:

The Legislative Research Commission herewith submits to you for your consideration its final report on (1) providing higher education opportunities for capable but financially needy students and (2) the need to offer loan repayment assistance as an incentive to attract recent law graduates to public service. The report was prepared by the Legislative Research Commission's Committee on Higher Education Opportunity/Public Attorneys Education Assistance pursuant to Section 85 of Chapter 1066 of the 1989 Session Laws and Section 2.1(4) of Chapter 1078 of the 1989 Session Laws.

Respectfully submitted,

Handwritten signature of Josephus L. Mavretic in cursive.

---

Josephus L. Mavretic  
Speaker

Handwritten signature of Henson P. Barnes in cursive.

---

Henson P. Barnes  
President Pro Tempore

Cochairmen  
Legislative Research Commission

1989-1990

LEGISLATIVE RESEARCH COMMISSION

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## PREFACE

The Legislative Research Commission, established by Article 6B of Chapter 120 of the General Statutes, is a general purpose study group. The Commission is co-chaired by the Speaker of the House and the President Pro Tempore of the Senate and has five additional members appointed from each house of the General Assembly. Among the Commission's duties is that of making or causing to be made, upon the direction of the General Assembly, "such studies of and investigations into governmental agencies and institutions and matters of public policy as will aid the General Assembly in performing its duties in the most efficient and effective manner" (G.S. 120-30.17(1)).

At the direction of the 1989 General Assembly, the Legislative Research Commission has undertaken studies of numerous subjects. These studies were grouped into broad categories and each member of the Commission was given responsibility for one category of study. The Co-chairs of the Legislative Research Commission, under the authority of G.S. 120-30.10(b) and (c), appointed committees consisting of members of the General Assembly and the public to conduct the studies. Co-chairs, one from each house of the General Assembly, were designated for each committee.

The study of Higher Education Opportunity/Public Attorneys Education Assistance was authorized by Section 85 of Chapter 1066 of the 1989 Session Laws (1990 Session) and Section 2.1(4) of Chapter 1078 of the 1989 Session Laws (1990 Session). Section 2.1(4) of Chapter 1078 states that the Commission may consider Senate Bill 1269 in determining the nature, scope and aspects of the that part of the study dealing with public attorneys education assistance. The relevant portions of Chapter 1066, Chapter 1078 and Senate Bill 1269 are included in Appendix A. The Legislative Research Commission grouped this study in its Education area under the direction of Senator Ralph Hunt. The Committee was chaired by Senator Marvin Ward and Representative

Johnathan L. Rhyne. The full membership of the Committee is listed in Appendix B of this report. A committee notebook containing the committee minutes and all information presented to the committee is filed in the Legislative Library.

## COMMITTEE PROCEEDINGS

### Proceedings of the Full Committee

The Committee on Higher Education Opportunity/Public Attorneys Education Assistance met three times. At its first meeting, the Committee heard a presentation by Mr. Patrick F. Taylor, President and CEO of Taylor Energy Company in New Orleans, Louisiana. Mr. Taylor founded the Louisiana Higher Education Opportunity Program, initially organizing and funding the program himself, then persuading the Louisiana legislature to make the program State law. During this first meeting, the Committee also decided to have the Chair appoint a subcommittee to study the issue of public attorneys education assistance.

At the second meeting, November 9, 1990, the Committee reviewed data on "Taylor Plans" adopted by the states of Texas, Indiana, Florida, and New Mexico. Issues considered by the Committee included:

- (1) What institutions of higher education should be included in a North Carolina higher education opportunity program;
- (2) Eligibility criteria, including: a definition of residency, a required core curriculum, minimum SAT scores, financial need, and a "clean record" criteria;
- (3) Administration of the program;

- (4) The amount and type of assistance provided; and
- (5) A timetable for implementation.

The Committee directed Committee Counsel to draft legislation incorporating the Committee's recommendations on each issue. In addition, Committee Counsel was asked to draft legislation providing a corporate and individual income tax credit for persons making contributions for North Carolina Education Improvement Grants. The Committee also reviewed the report and recommendations of the Subcommittee on Public Attorneys Education Assistance and voted to adopt them for the final report.

At its final meeting, the Committee again reviewed and discussed proposed legislation. The Committee voted to adopt for its report Legislative Proposal I -- A BILL TO BE ENTITLED AN ACT TO IMPROVE EDUCATIONAL OPPORTUNITIES FOR NORTH CAROLINIANS, and Legislative Proposal II -- A BILL TO BE ENTITLED AN ACT TO PROVIDE AN INCOME TAX CREDIT FOR CONTRIBUTIONS FOR NORTH CAROLINA EDUCATION IMPROVEMENT GRANTS.

#### **Subcommittee Proceedings**

The Subcommittee on Public Attorneys Education Assistance met twice. At the first meeting the subcommittee discussed draft legislation based upon a program of loan forgiveness for attorneys entering public service in Maryland. The Committee agreed that the program should be limited to North Carolina residents who were licensed to practice in this State. The Committee requested Committee Counsel to obtain data from State Personnel on salary levels for attorneys, number of vacancies, and length time required to fill a vacancy. The Committee also requested a statement from the

various departments in State government, including Legal Services of North Carolina, on problems experienced in recruiting attorneys.

At the second and final meeting, the Committee reviewed the data collected and heard from Lisa Brachman, Executive Director of the North Carolina Legal Assistance Foundation. That organization recently has been created to assist attorneys in public service with law school loan repayment. Based upon the available information, the Subcommittee determined that it did not have adequate data to make a recommendation on establishing a loan forgiveness program for public attorneys but did recommend that the salary levels for public attorneys with four or more years of service be studied.

## COMMITTEE RECOMMENDATIONS AND LEGISLATIVE PROPOSALS

The Committee recommends the following legislation to the 1991 General Assembly. Legislative Proposal I adds a new Article 5B to Chapter 116 of the General Statutes creating the North Carolina Education Improvement Grants. Legislative Proposal II creates a new income tax credit for corporations and individuals who make contributions for the Grants. Each of the proposed bills is followed by a section by section analysis.

In addition to the two legislative proposals, the Committee made one recommendation on the issue of public attorneys education assistance. The Committee concluded that it did not have sufficient information to make a recommendation on a loan forgiveness program, but did recommend that "To address the issue of retention, State government should undertake a study of attorney salaries for those attorneys who have four or more years service with the State." (See Appendix C).

LEGISLATIVE PROPOSAL I  
GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 1991

H

D

91-RF-10  
(THIS IS A DRAFT AND NOT READY FOR INTRODUCTION)

Short Title: Education Improvement Act. (Public)

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Sponsors:

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Referred to:

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1                                   A BILL TO BE ENTITLED  
2 AN ACT AN ACT TO IMPROVE EDUCATIONAL OPPORTUNITIES FOR NORTH  
3 CAROLINIANS.  
4                   Whereas, The North Carolina Constitution mandates that  
5 the benefits of The University of North Carolina, as well as  
6 other public institutions of higher education, be extended to the  
7 people of the State free of expense, as far as practicable; and  
8                   Whereas, many students who are residents of North  
9 Carolina and who can prove their ability to benefit from higher  
10 education by meeting high academic standards are unable to attend  
11 an institution of higher education because of a lack of economic  
12 resources; and  
13                   Whereas, attendance at institutions of higher education  
14 should be based on the ability to learn, not the ability to pay;  
15 and  
16                   Whereas, State action that guarantees that North  
17 Carolina students with proven ability to learn can attend an  
18 institution of higher education will result in far greater long-  
19 range savings to the State than it would cost in terms of these  
20 students' increased earning capacity and increased contributions  
21 these students would be able to make to their society; Now,  
22 therefore,

1 The General Assembly of North Carolina enacts:

2 Section 1. This act shall be known and cited as "The  
3 Education Improvement Act of 1991."

4 Sec. 2. Chapter 116 of the General Statutes is amended  
5 by adding a new Article to read:

6 "ARTICLE 5B.

7 Education Improvement Act of 1991.

8  
9 "§ 116-174.9. Program name; purpose.

10 The purpose of this Article is to provide eligible persons with a  
11 grant of money for tuition, fees, and books to enable that person  
12 to attend an institution of higher education. Awards of money  
13 made pursuant to this Article shall be known as North Carolina  
14 Education Improvement Grants.

15 §116-174-10. Definitions.

16 As used in this Article:

17 (1) "Authority" means the State Education Assistance  
18 Authority as set forth in Article 23 of Chapter 116  
19 of the General Statutes.

20 (2) "Commission" means the Education Improvement  
21 Commission as established under G.S. 116-174.14.

22 (3) "Grant" means a North Carolina Education  
23 Improvement Grant as established by this Article.

24 (4) "Institution of Higher Education" means one of the  
25 16 public senior institutions of the University of  
26 North Carolina as set forth in G.S. 116-2, a  
27 community college as set forth in G.S. 115D-2, or  
28 private junior or senior college as set forth in  
29 G.S. 116-22.

30 § 116-174.11. Eligibility.

31 (a) A grant for tuition, fees, and book expenses at an  
32 institution of higher education shall be paid by the State on  
33 behalf of any eligible student who enrolls in such an institution  
34 to pursue a baccalaureate or associate degree. To be eligible  
35 for a grant a person must meet all of the following  
36 qualifications:

37 (1) Be a resident for tuition purposes pursuant to G.S.  
38 116-143.1.

39 (2) Have graduated from high school within the two  
40 years preceding the application with a minimum  
41 cumulative grade point average of 2.5 calculated on  
42 a 4.0 scale, or its equivalent.

43 (3) Have successfully completed the minimum educational  
44 requirements for admission to The University of

1 North Carolina, as established and revised by the  
2 Board of Governors of The University of North  
3 Carolina.

- 4 (4) a. Have a Scholastic Aptitude Test (SAT) score of  
5 800; except that, in each academic year, the  
6 Commission may award a grant for students who  
7 fail to meet this requirement by an amount  
8 equal to ten percent (10%) or less. For the  
9 first academic year for which grants are paid,  
10 the total number of these students shall not  
11 exceed ten percent (10%) of the total number  
12 of students receiving grants. For all  
13 subsequent years, the total number of these  
14 students shall not exceed ten percent (10%) of  
15 the total number of students admitted the  
16 previous year who received grants; or  
17 b. Graduate in the top 50% of their high school  
18 class.

- 19 (5) Have not been convicted of a felony, misdemeanor or  
20 an offense under G.S. 90-95 or under Article 3 of  
21 Chapter 18B of the General Statutes or adjudicated  
22 delinquent for acts that would constitute a  
23 violation of any of those offenses if committed by  
24 an adult, if the offense occurred before the person  
25 reached the age of 16.

- 26 (6) Be enrolling in an institution of higher education  
27 as a first-time freshman.

- 28 (7) Be found to be in financial need.

29 (c) To continue to receive State payment of tuition, fees, and  
30 book expenses once enrolled in an institution of higher education  
31 a student shall meet all of the following:

- 32 (1) Make steady academic progress toward a degree,  
33 earning not less than the minimum number of hours  
34 of credit required for full-time standing in each  
35 academic period requiring this enrollment.

- 36 (2) Maintain full-time enrollment standing for not less  
37 than two semesters or three quarters in each  
38 successive academic year, unless granted an  
39 exception for cause by the Commission.

- 40 (3) Have no criminal record.

- 41 (4) Be found to be in financial need.

42 § 116-174.12. Financial need.

43 An applicant shall be found to be in financial need if:

1           (1) The applicant's custodial parent or guardian has  
2           one dependent child under the age of 21 and the  
3           four-year average adjusted gross income of the  
4           family is less than thirty thousand dollars  
5           (\$30,000).

6           (2) The applicant's custodial parent or guardian has  
7           two dependent children under the age of 21 and the  
8           four-year average annual adjusted gross income of  
9           the family is less than thirty-five thousand  
10           dollars (\$35,000).

11           (3) The applicant's custodial parent or guardian has  
12           three or more dependent children under the age of  
13           21 and the four-year average annual adjusted gross  
14           income of the family is less than forty thousand  
15           dollars (\$40,000).

16 The four-year average annual adjusted gross income of the family  
17 shall be verified by Internal Revenue Service returns.

18 § 116-174.13. Program administration.

19 The Commission shall make determinations of eligibility to  
20 receive grants under this Article. Administration of the funding  
21 for such grants shall be vested in the Authority.

22 § 116-174.14 Education Improvement Commission.

23 (a) There is created the Education Improvement Commission. The  
24 Commission shall be responsible for determining eligibility to  
25 receive grants under this Article. The Commission shall be  
26 located administratively under the Board of Governors of the  
27 University of North Carolina but shall exercise all its  
28 prescribed statutory powers independently of the Board of  
29 Governors.

30 (b) The Commission shall consist of thirteen members as  
31 follows: three members appointed by the General Assembly upon the  
32 recommendation of the President Pro Tempore of the Senate in  
33 accordance with G.S. 120-121, one of whom shall be recommended by  
34 the President Pro Tempore of the Senate to serve as cochair;  
35 three members appointed by the General Assembly upon the  
36 recommendation of the Speaker of the House of Representatives in  
37 accordance with G.S. 120-121, one of whom shall be recommended by  
38 the Speaker of the House of Representatives to serve as cochair;  
39 three members to be appointed by the Governor; and the Chairman  
40 of the Board of Governors of the University of North Carolina or  
41 his designee; the Chairman of the State Board of Community  
42 Colleges or his designee; the Chairman of the North Carolina  
43 Association of Independent Colleges and Universities or his

1 designee; and the Chairman of the State Board of Education or  
2 this designee.

3 (c) One of members recommended by the Presidnet Pro Tempore of  
4 the Senate, one of the members recommended by the Speaker of the  
5 House of Representatives and two of the members appointed by the  
6 Governor shall serve an initial term of two years, to expire on  
7 July 1, 1993. The remainder of the appointive members shall  
8 serve an initial term of four years, to expire on July 1, 1995.  
9 Their successors shall serve for four-year terms. Vacancies  
10 shall be filled by the office making the initial appointment and  
11 for the remainder of the expired term only. The initial meeting  
12 of the Commission shall be called jointly by the cochair and the  
13 Commission shall meet at least once each quarter at the call of  
14 the cochair.

15 (d) Members of the Commission who are not State officers or  
16 employees shall receive per diem and necessary travel and  
17 subsistence expenses in accordance with G.S. 138-5. Members who  
18 are State officers or employees shall be reimbursed for travel  
19 and subsistence in accordance with G.S. 138-6.

20 (e) The Board of Governors shall provide requested professional  
21 and clerical staff to the Commission. The Commission may also  
22 employ professional and clerical staff and may hire outside  
23 consultants to assist it in its work.

24 (f) The Commission, in consultation with the Authority, shall  
25 develop and adopt rules pursuant to Chapter 150B of the General  
26 Statutes to govern eligibility determinations. These rules shall  
27 include:

28 (1) A mechanism for informing all students of the  
29 availability of the assistance provided  
30 pursuant to this section early enough in their  
31 schooling that a salutary motivational effect  
32 is possible.

33 (2) Applications, forms, financial audit  
34 procedures, eligibility and other program  
35 audit procedures, and other matters related to  
36 efficient operation.

37 (3) Provision for appeals of eligibility  
38 determinations. All appeals shall be heard  
39 pursuant to Article 3 of Chapter 150B of the  
40 General Statutes.

41 (g) The Commission is an authorized agency pursuant to G.S. 7A-  
42 675 to maintain juvenile records. When any person who has not  
43 reached his eighteenth birthday is convicted of any felony or  
44 misdemeanor or offense under G.S. 90-95 or Article 3 of Chapter

1 18B of the General Statutes or is adjudicated delinquent for acts  
2 lthat would constitute a violation of any of those offenses if  
3 committed by an adult, the court shall report the conviction or  
4 adjudication of delinquency to the Commission within 30 days.

5 § 116-174.15. Amount of Grants/Payment.

6 (a) Eligible students shall receive a grant in the following  
7 amounts:

8 (1) If the student attends a public institution of  
9 higher education or community college, full tuition  
10 and fees, plus an amount for books up to \$450 per  
11 year (\$225 per semester or \$150 per quarter).

12 (2) If the student attends a private institution of  
13 higher education, the average of the amount of  
14 tuition and fees charged by the constituent  
15 institutions of the University of North Carolina,  
16 except the North Carolina School of the Arts, plus  
17 an amount for books up to \$450 per year (\$225 per  
18 semester or \$150 per quarter).

19 (b) Payments of tuition and fees shall be made by the Authority  
20 directly to the institution to which the tuition is due after  
21 notice from the Commission to the institution that the State  
22 shall pay the tuition of a student and after notice from the  
23 institution to the Authority that the student has actually  
24 enrolled. Payments for books shall be made as provided for by  
25 rule by the Authority.

26 (c) No student shall receive a grant pursuant to this Article  
27 in an amount greater than the tuition and fees charged by the  
28 institution plus book expenses. The student shall apply for a  
29 federal grant prior to receiving State aid pursuant to this  
30 Article."

31 Sec. 3. Article 23 of Chapter 116 of the General  
32 Statutes is amended by adding a new section to read:

33 "§ 116-209.25. North Carolina Education Improvement Grants.

34 The Authority is authorized, in addition to all other powers and  
35 duties vested or imposed under this Article, to administer the  
36 funding for the North Carolina Education Improvement Grants  
37 awarded by the Education Improvement Commission pursuant to  
38 Article 5B of this Chapter. In order to accomplish the purposes  
39 of this Section, the Authority may:

40 (1) In consultation with the Education Improvement  
41 Commission, adopt rules to implement the funding of  
42 the North Carolina Education Improvement Grants.

43 (2) Receive from the General Fund or other sources such  
44 funds the General Assembly may authorize to cover,

1           in addition to any other available funds, the costs  
2           of tuition, fees and books required to be paid to  
3           eligible students under Article 5B of this Chapter,  
4           both initial and continuing, for the coming  
5           academic year.

6           (3) Seek, accept, and expend funds from any source,  
7           including private business, industry, foundations,  
8           and other groups as well as any federal or other  
9           governmental funding available for this purpose."

10           Sec. 4. There is appropriated from the General Fund to  
11 the Board of Governors of the University of North Carolina for  
12 the Education Improvement Commission the sum of           for the  
13 1991-92 fiscal year and the sum of           for the 1992-93  
14 fiscal year to implement this act.

15           Sec. 5. There is appropriated from the General Fund to  
16 the Board of Governors of the University of North Carolina for  
17 the Education Assistance Authority the sum of           for the  
18 1991-1992 fiscal year and the sum of           for the 1992-1993  
19 fiscal year to implement this act.

20           Sec. 6. This act shall become effective July 1, 1991,  
21 and applies to payments made for academic years beginning with  
22 the 1992-93 academic year.

## ANALYSIS OF LEGISLATIVE PROPSAL I

**Section 1** of the bill establishes the title as the "Education Improvement Act of 1991."

**Section 2** of the bill creates a new Article 5B in Chapter 116.

§ 116-174.9 establishes the program name, North Carolina Education Improvement Grants, and the purpose of the program, to provide grants to eligible students to attend college.

§ 116-174.10 provides definitions of operative terms used throughout Article 5B including:

1. "Authority" means the Education Assistance Authority.
2. "Commission" means the Education Improvement Commission.
3. "Grant" means a North Carolina Education Improvement Grant.
4. "Institution of Higher Education" means any of the 16 constituent institutions of the University of North Carolina, community colleges and private junior and senior colleges eligible to contract with the Board of Governors to provide aid to needy North Carolina Students pursuant to G.S. 116-22

§ 116-174.11 defines initial and continuing eligibility. To be eligible to receive a grant, a student must:

- o enroll in an institution of higher education to pursue a baccalaureate or associate degree.
- o be a resident for tuition purposes.
- o have a 2.5/4.0 scale.
- o apply within 2 years of graduation from high school.
- o have completed the minimum course requirements for admission to the University system.
- o (a) have an SAT score of 800; except that, awards may be made to students who fail to meet this requirement by 10% or less. The number of students falling under this exception may not exceed 10% of the total number of students receiving grants the previous year. OR (b) Graduate in the top 50% of their higher school class.
- o have no criminal or juvenile record.
- o be enrolling as a first time freshman.
- o be found to be in financial need.

To be eligible for continued funding, a student must make steady academic progress toward a degree, maintain full-time, continuous enrollment, have no criminal record and be in financial need.

§ 116-174.12 sets forth the criteria for financial need. To be found to be in financial need the applicant's parent or guardian must have a four year average adjusted gross income of less than \$30,000 with 1 dependent child. That amount rises to \$35,000 with 2 dependent children and caps at \$40,000 with 3 or more dependent children.

§ 116-174.13 provides that the Education Improvement Commission shall be responsible for making eligibility determinations and the Education Assistance Authority shall be responsible for administering the funding of the grant program.

§ 116-174.14 establishes the Education Improvement Commission. The Commission is to be composed of 13 members; six appointed by the General Assembly, with three recommended by the President Pro Tem; three recommended by the Speaker; three appointed by the Governor; and the Chairman of the Board of Governors of the University of North Carolina, or his designee; the Chairman of the Board of Community Colleges, or his designee; the Chairman of the North Carolina Association of Independent Colleges and Universities, or his designee; and the Chairman of the State Board of Education, or his designee.

The Commission shall, in consultation with the Education Assistance Authority, adopt rules governing eligibility determinations. The Commission is also an authorized agency to receive juvenile records under G.S. 7A-675.

§ 116-174.15 establishes the amounts of the grants and how they are paid. If a student attends a public institution, he will receive a grant for tuition and fees, and an amount for books up to \$450 per year. If a student enrolls in a private institution, he will receive an amount for tuition and fees equal to the average tuition and fees at the constituent institutions of the University of North Carolina (except the North Carolina School of Arts) plus an amount for books up to \$450 per year.

Payment of tuition and fees shall be made by the Education Assistance Authority directly to the institution where the student enrolls. A method of payment for books shall be established by rule by the Authority.

Section 3 of the bill provides the Education Assistance Authority with the authority to administer the funding of the grant program. The Authority may adopt rules, will be the depository for funds appropriated by the General Assembly for the program and will accept donations of funds from private, charitable and other sources.

Sections 4 and 5 provide for appropriations to fund the Commission's operations and the grant program.

Section 6 provides that the bill becomes effective July 1, 1991 and applies to payments made for academic years beginning with the 1192-93 year.

LEGISLATIVE PROPOSAL II  
GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 1989

S/H

D

91-RF-11  
THIS IS A DRAFT 27-NOV-90 10:17:43

Short Title: Education Improvement Fund Tax Credit (Public)

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Sponsors:

---

Referred to:

---

1 A BILL TO BE ENTITLED  
2 AN ACT TO PROVIDE AN INCOME TAX CREDIT FOR CONTRIBUTIONS FOR  
3 NORTH CAROLINA EDUCATION IMPROVEMENT GRANTS.  
4

5 Whereas, The North Carolina Education Improvement Grants  
6 have been established to extend the benefits of a higher  
7 education to those students who are residents of the State of  
8 North Carolina and who can prove their ability to benefit from  
9 higher education; and

10 Whereas, extending the benefits of higher education to  
11 students with proven ability to learn will result in far greater  
12 long-range savings to the State than it would cost in terms of  
13 these students' increased earning capacity and increased  
14 contributions these students would be able to make to their  
15 society; Now, therefore,

16 The General Assembly of North Carolina enacts:

17 Section 1. Article IV, Schedule D, Division I of  
18 Chapter 105 of the General Statutes is amended by adding a new  
19 section to read:

20 "§ 105-130.41. Credit for contributions for North Carolina  
21 Education Improvement Grants.

22 (a) Any corporation making a contribution to the Education  
23 Assistance Authority pursuant to G.S. 116-209.25, for North

1 Carolina Education Improvement Grants, as set forth in Article 5B  
2 of Chapter 116 of the General Statutes, shall be allowed a credit  
3 against the tax imposed by this Division equal to 50% of the  
4 aggregate amount of the contribution made by the corporation  
5 during the the taxable year up to a maximum credit of one  
6 thousand dollars (\$1,000) per taxpayer per year.

7 (b) The credit allowed by this section may not exceed the amount  
8 of tax imposed by this Division for the taxable year reduced by  
9 the sum of all credits allowed under this Division, except  
10 payments of tax made by or on behalf of the corporation.

11 (c) Any unused portion of this credit may be carried forward for  
12 the next succeeding five years.

13 (d) To secure the credit allowed under this section, a  
14 corporation shall provide the Department of Revenue a receipt or  
15 other certification from the Education Assistance Authority  
16 showing the date and amount of the contribution."

17 Sec. 2. Article IV, Schedule D, Division II of Chapter  
18 105 of the General Statutes is amended by adding a new section to  
19 read:

20 "§ 105-151.21. Credit for Contributions for North Carolina  
21 Education Improvement Grants.

22 (a) Any person making a contribution to the Education Assistance  
23 Authority pursuant to G.S. 116-209.25, for North Carolina  
24 Education Improvement Grants, as set forth in Article 5B of  
25 Chapter 116 of the General Statutes, shall be allowed a credit  
26 against the tax imposed by this Division equal to 50% of the  
27 aggregate amount of the contribution made by the taxpayer during  
28 the the taxable year up to a maximum credit of one hundred  
29 dollars (\$1,00) per taxpayer per year.

30 (b) The credit allowed by this section may not exceed the amount  
31 of tax imposed by this Division for the taxable year reduced by  
32 the sum of all credits allowed under this Division, except  
33 payments of tax made by or on behalf of the taxpayer.

34 (c) Any unused portion of this credit may be carried forward for  
35 the next succeeding five years.

36 (d) To secure the credit allowed under this section, a taxpayer  
37 shall provide the Department of Revenue a receipt or other  
38 certification from the Education Assistance Authority showing the  
39 date and amount of the contribution."

40 Sec. 3. This act is effective for taxable years  
41 beginning on or after January 1, 1991.

## ANALYSIS OF LEGISLATIVE PROPOSAL II

Legislative Proposal II creates a new tax credit for those taxpayers making contributions to the Education Assistance Authority for North Carolina Education Improvement Grants.

**Section 1** of the bill add a new section, G.S. 105-130.41 to the State Corporate Income Tax Code. The credit allowed against the tax owed is equal to 50% of the contribution made by the taxpayer during the taxable year, with a maximum credit allowed of \$1,000.

The credit may not exceed the tax owed for the taxable year. However, any unused portion of credit may be carried forward for the next five years.

Corporations wanting to claim the credit must provide a receipt or other certification from the Education Assistance Authority that the contribution was made.

**Section 2** of the bill adds a new section, G.S. 105-151.21 to the State Individual Income Tax Code. The provisions of this section are identical to Section 1 of the bill, with the credit allowed equal to 50% of the contribution made. The maximum credit that can be claimed by an individual taxpayer, however, is \$100. There is a five year carry forward and the taxpayer must submit a receipt or other certification from the Education Assistance Authority to claim the credit.

**Section 3** of the bill provides that the act is effective for taxable years beginning on or after January 1, 1991.

APPENDIX A

CHAPTER 1066  
SENATE BILL 1426

AN ACT TO MODIFY THE CURRENT OPERATIONS APPROPRIATIONS FOR NORTH CAROLINA FOR THE 1990-91 FISCAL YEAR AND TO MAKE OTHER CHANGES IN THE BUDGET OPERATION OF THE STATE.

Requested by: Senator Royall, Representative Diamont.

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Requested by: Senator Ward, Representatives Rhyne, Tart -----HIGHER EDUCATION OPPORTUNITY STUDY

Sec. 85. (a) The Legislative Research Commission may study the issue of higher education opportunity. The Chairmen shall consider appointing the members of the Committee as follows:

(1) The Superintendent of Public Instruction, or his designee;

(2) The Chairman of the State Board of Education, or his designee;

(3) The President of the Community College System, or his designee;

(4) The President of The University of North Carolina, or his designee;

(5) The Chairman of the Association of Independent Colleges and Universities, or his designee;

(6) Fifteen members appointed as follows:

a. Five members appointed upon the recommendation of the Governor;

b. Five members appointed from the House of Representatives; and

c. Five members appointed from the Senate.

(b) The Committee shall study the issue of providing tuition and fees grants for higher education to North Carolina students of proven academic ability who lack the necessary financial resources otherwise to attend a public four-year institution of higher education. The Committee shall report the results of this examination, including any legislative and appropriations recommendations, to the Legislative Research Commission for transmittal to the 1991 General Assembly.

(c) The Committee's study shall include:

(1) An analysis of Louisiana's, and other states', initiatives in providing financial opportunity for higher education to their students of proven academic ability;

(2) An analysis of the costs and future savings involved in providing such opportunity for North Carolina students;

(3) A determination of what specific residence criteria, other than those currently being used by The University of North Carolina, if any, would need to be employed;

(4) A determination of what academic standards eligible students would need to prove they have met, including high school course requirements, and standardized test scores;

(5) A determination of what financial needs tests the students and their families must meet in order to qualify;

(6) A determination of whether to allow a percentage deviation from the set standards for a certain number of students receiving financial help under this program;

(7) A determination of what, if any, additional criteria students attending constituent institutions of higher education under this program must continue to meet to continue to receive financial aid under this program;

(8) A determination of what entity should administer this program, whether the Board of Governors of The University of North Carolina, the State Education Assistance Authority, or other entity; and

(9) Any additional determination or examination the Education Study Commission considers necessary to carry out its mandate.

(d) The University of North Carolina and the Department of Public Instruction shall cooperate with the Legislative Research Commission Higher Education Opportunity Study Committee as it carries out the mandate established in this act.

(e) Of the funds appropriated to the General Assembly for the 1990-91 fiscal year, the sum of \$20,000 may be allocated to the Legislative Research Commission for its work.

CHAPTER 1078  
HOUSE BILL 296

AN ACT TO AUTHORIZE STUDIES BY THE LEGISLATIVE RESEARCH COMMISSION, TO CREATE AND CONTINUE VARIOUS COMMITTEES AND COMMISSIONS, AND TO ALLOCATE FUNDS THEREFOR.

PART I.-----TITLE

Section 1. This act shall be known as "The Studies Act of 1990."

\*\*\*\*

PART II.-----LEGISLATIVE RESEARCH COMMISSION

Sec. 2.1. The Legislative Research Commission may study the topics listed below. Listed with each topic is the 1989 or 1990 bill or resolution that originally proposed the issue or study and the name of the sponsor. The Commission may consider the original bill or resolution in determining the nature, scope, and aspects of the study. The topics are:

\*\*\*\*

(4) Public Attorneys Education Assistance (S.B. 1269),

\*\*\*\*

Sec. 2.8. Committee Membership. For each Legislative Research Commission Committee created during the 1989-1991 biennium, the Cochairmen of the Commission each shall appoint a minimum of seven members.

Sec. 2.9. Reporting Dates. For each of the topics the Legislative Research Commission decides to study under this act or pursuant to G.S. 120-30.17(1), the Commission may report its findings, together with any recommended legislation, to the 1991 General Assembly.

Sec. 2.10. Bills and Resolution References. The listing of the original bill or resolution in this Part is for reference purposes only and shall not be deemed to have incorporated by reference any of the substantive provisions contained in the original bill or resolution.

Sec. 2.11. Funding. From the funds available to the General Assembly, the Legislative Services Commission may allocate additional monies to fund the work of the Legislative Research Commission.

\*\*\*\*

PART IX.-----EFFECTIVE DATE

Sec. 9.1. Section 3.2 of this act is effective June 30, 1990. The remainder of this act is effective July 1, 1990.

In the General Assembly read three times and ratified this the 28th day of July, 1990.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1989

S

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SENATE BILL 1269  
Appropriations Committee Substitute Adopted 7/20/90

Short Title: Public Attorneys Educ Assist Study. (Public)

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Sponsors:

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Referred to:

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May 11, 1989

1 A BILL TO BE ENTITLED  
2 AN ACT AUTHORIZING THE LEGISLATIVE RESEARCH COMMISSION TO STUDY  
3 THE DESIRABILITY AND FEASIBILITY OF PROVIDING STATE ASSISTANCE  
4 FOR THE LAW SCHOOL LOANS OF ATTORNEYS WHO GRADUATE FROM LAW  
5 SCHOOL IN NORTH CAROLINA AND WHO ARE EMPLOYED BY THE STATE OR  
6 LOCAL GOVERNMENT.  
7 The General Assembly of North Carolina enacts:  
8 Section 1. The Legislative Research Commission shall  
9 study the desirability and the feasibility of establishing a  
10 program whereby the State assists in the repayment of law school  
11 loans owed by attorneys who graduate from law school in North  
12 Carolina and who are employed by the State or local government.  
13 The Commission may also consider other means of encouraging the  
14 most capable attorneys to seek legal employment in the public  
15 sector. The Commission shall consider educational assistance  
16 programs for public attorneys in other states. Issues to be  
17 addressed by the Commission shall include, among others:  
18 (1) Whether to limit eligibility to participate in a  
19 loan repayment program to those attorneys who are  
20 employed as attorneys for the State or local  
21 government;  
22 (2) Whether to limit eligibility to those attorneys who  
23 are licensed to practice law in North Carolina;

- 1 (3) Whether to exclude from eligibility those attorneys  
2 who are research assistants or law clerks in any  
3 court of the General Court of Justice;
- 4 (3) Whether to limit reimbursement to the costs of  
5 tuition and other educational expenses or to extend  
6 reimbursement to include the costs of living  
7 expenses during law school;
- 8 (4) Whether the State Education Assistance Authority  
9 should administer such a loan repayment program,  
10 and, if not, what body should administer such a  
11 program;
- 12 (5) Whether applicants should receive priority  
13 consideration for participation in such a program  
14 for:
- 15 a. Residence in the State;  
16 b. Recent graduation from law school;  
17 c. Employment that provides legal services to low  
18 income residents of the State; or  
19 d. Any other factors;
- 20 (6) What procedure and schedule for repayment of part  
21 or all of the law school loan should be  
22 established; and
- 23 (7) What total income level, including any additional  
24 sources of income, should be considered the maximum  
25 income level any applicant can receive to be  
26 eligible for participation in such a program.
- 27 Sec. 2. The Commission shall report its findings and  
28 recommendations to the 1991 Session of the General Assembly. The  
29 report shall include any proposed legislation necessary to  
30 implement the commission's recommendations.
- 31 Sec. 3. The Legislative Research Commission shall use  
32 funds appropriated to it for the 1990-91 fiscal year to fund the  
33 study authorized in Section 1 of this act.
- 34 Sec. 4. This act is effective upon ratification.

APPENDIX B

MEMBERSHIP OF LRC COMMITTEE ON  
HIGHER EDUCATION OPPORTUNITY/PUBLIC ATTORNEYS EDUCATION ASSISTANCE

**LRC Member in Charge:**

Sen. Ralph A. Hunt  
1005 Crete Street  
Durham, NC 27707  
(919)682-5259

**President Pro Tempore's  
Appointments**

Sen. Marvin M. Ward  
Cochairman  
641 Yorkshire Road  
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(919)724-9104

Sen. James E. 'Jim' Ezzell, Jr.  
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Rocky Mount, NC 27804-1225  
(919)443-1505

Sen. Ralph A. Hunt  
1005 Crete Street  
Durham, NC 27707  
(919)682-5259

Sen. Kenneth C. Royall, Jr.  
P.O. Box 51218  
Durham, NC 27717-1218  
(919)489-9191

F. H. 'Buzz' Shackelford, Jr.  
P.O. Box 38  
Hookerton, NC 28538  
(919)747-2642

**Speaker's  
Appointments**

Rep. Johnathan L. Rhyne, Jr.  
Cochairman  
P.O. Box 38  
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Rep. Howard B. Chapin  
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(919)946-3480

Rep. H. Clayton Loflin  
1425 Medlin Road  
Monroe, NC 28110  
(704)289-4554

Rep. George S. Robinson  
P.O. Box 1315  
Lenoir, NC 28645  
(704)728-2902

Rep. E. A. 'Alex' Warner, Jr.  
3610 Frierson Street  
Hope Mills, NC 28348  
(919)424-5350

**LRC Higher Education Opportunity**  
--continued--

**LRC Cochairmen's Appointments**

**Governor's  
Recommendations**

Mr. George Autry  
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Raeford, NC 28376  
(919)875-3787

Mr. Olin H. Broadway  
2126 Pinewood Circle  
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Dr. Jimmy Jenkins, Chancellor  
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Elizabeth City, NC 27909  
(919)335-3230

Mr. Jerry Swicegood  
Route 9, Box 504  
Mocksville, NC 27028  
(704)634-5997

Miss Sondra Wise  
1842 Asheville Place  
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**Staff:**  
Barbara Riley  
Research Division  
(919)733-2578

**Designees Suggested in  
Authorizing Legislation**

Mr. Kenneth R. Harris  
(State Board of Education)  
Harris Plans  
P.O. Box 30457  
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Mr. John T. Henley  
N.C. Association of Independent  
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Dr. John L. Kinlaw  
Assistant State Superintendent  
for Personnel Services  
N.C. Department of Public Instruction  
Education Building  
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(919)733-2480

Mr. Hal M. Miller  
Assistant for Federal  
Governmental Affairs  
N.C. Department of Community Colleges  
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Dr. Jay M. Robinson  
Vice President for Public Affairs  
UNC General Administration  
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Chapel Hill, NC 27515-2688  
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**Clerk:**  
Becky Hedspeth  
Legislative Building, Room 2303  
O: (919)733-5608  
H: (919)851-4603

## APPENDIX C

### **REPORT OF THE PUBLIC ATTORNEY EDUCATION ASSISTANCE SUBCOMMITTEE TO THE LEGISLATIVE RESEARCH COMMISSION STUDY COMMITTEE ON HIGHER EDUCATION OPPORTUNITY/PUBLIC ATTORNEY EDUCATION ASSISTANCE**

November 9, 1990

#### **Subcommittee Proceedings**

The Subcommittee met two times, October 18, 1990 and November 7, 1990 to discuss the questions of whether there is a need to offer an incentive such as a loan forgiveness program to attract more attorneys to public service and how such a program might be structured.

At its initial meeting, the Subcommittee discussed a draft proposal based upon the State of Maryland's loan forgiveness program for attorneys in public service. It was determined that any loan forgiveness program should be limited to North Carolina residents licensed to practice law in this State. Some discussion was had on the issue of whether it would be simpler to just raise the pay schedules for attorneys working for the State. The Subcommittee requested that committee counsel obtain information from State Personnel and the various State agencies on the difficulty of attracting attorneys to public service and whether there is a need for additional incentives. Also requested was data on starting salary rates and salary schedules for the public and private sector.

At the second meeting, the Subcommittee reviewed data showing that the starting State pay rate in the Attorney I classification was \$31,842 and that the private sector average starting salary was \$32,391. However, a report from Legal Services of North Carolina showed that their starting salary was well below the State pay scale with beginning attorneys starting at \$22,000 per year. Due to the low salary schedule, Legal Services reported that it had considerable problems in attracting attorneys. The various State agencies reported minimal difficulty in attracting personnel, however, several commented on the problem of retention. State salaries were cited as a major problem in the area of retention. The Department of Justice noted that its average salary for an attorney with 8 years experience was \$50,800 as compared to the private bar average of \$82,800 in cities of 100,000 or greater population.

The Subcommittee also learned that a private non-profit organization has recently been created for the purpose of assisting attorneys in public service with payment of their law school loans. Lisa Brachman, Executive Director of the North Carolina Legal Assistance Foundation spoke to the Subcommittee about her organization, its goals, program and current funding.

#### **Subcommittee Recommendations**

Based upon the available information and discussions had, the the Subcommittee reached the following conclusions and recommendations

1. Insufficient information was available to make a recommendation to the full Committee on the issue of a loan forgiveness program to provide incentive for attorneys to enter public service.
2. To address the issue of retention, State government should undertake a study of attorney salaries for those attorneys who have four or more years service with the State.

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Sen. James Ezzell, Jr.  
Chairman